

Message Text

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TO AMEMBASSY BONN PRIORITY

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AMEMBASSY ROME PRIORITY

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SUBJECT: QUESTION AND ANSWER SESSION FOLLOWING SECRETARY
SIMON'S TESTIMONY JULY 21 BEFORE REES AND REUSS SUB-
COMMITTEES

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1. THERE FOLLOW FOR INFORMATION OF POSTS TWO QUESTIONS AND
ANSWERS RAISED IN VERY BRIEF SESSION FOLLOWING SIMON
TESTIMONY JULY 21.

2. REPRESENTATIVE REES. BASICALLY, ONLY ONE COUNTRY IS VERY EAGER TO HAVE FIXED EXCHANGE RATES. SO YOU DO NOT SEE ANY REAL POSSIBILITY AT THE IMF MEETING THIS SEPTEMBER THAT THERE WOULD BE ANY CHANGE FROM THE PRESENT SITUATION?

SECRETARY SIMON. WELL, WE HAVE NOT HAD ANY CONVERSATIONS IN PERSON SINCE THE JUNE INTERIM COMMITTEE MEETINGS IN PARIS. THE POSITIONS AS COMMUNICATED TO US SEEM TO BE FAIRLY ENTRENCHED. I KNOW THAT THE U.S. WOULD NOT AGREE TO ANY RETURN TO SUCH A SYSTEM, MR. CHAIRMAN.

3. REPRESENTATIVE REUSS. I CONGRATULATE YOU, MR. SECRETARY, ON THE STATEMENT THIS MORNING AND ON THE POLICY ON WHICH IT IS BASED. YOU CAME BACK FROM THE PARIS INTERIM MEETING OF THE IMF LAST MONTH WITHOUT A FINAL AGREEMENT AND WERE CRITICIZED IN SOME QUARTERS BECAUSE OF THAT. AS FAR AS I AM CONCERNED AN IMPROPER FINAL AGREEMENT WOULD HAVE BEEN A DISASTER AND SINCE THE AD HOC INTERIM ARRANGEMENTS ARE VERY MUCH LIKE WHAT YOU ARE AIMING FOR, AND I THINK ENTIRELY RIGHT, I THINK WE ARE SURVIVING SPLENDIDLY WITHOUT SUCH AN AGREEMENT.

I NOTE THAT THE PRESIDENT OF FRANCE HAS RECENTLY PROPOSED A SUMMIT MEETING OF THE CHIEFS OF STATE OF THE INDUSTRIAL DEMOCRACIES TO BE HELD IN, I THINK, OCTOBER TO TRY TO SETTLE ALL OF THESE INTERNATIONAL MONETARY PROBLEMS.

IN MY OWN VIEW NEGOTIATIONS ARE GOING ON AT AN AGREEABLE PACE AND SUCH A SUMMIT MEETING IS NOT ONLY NOT NECESSARY BUT WOULD SEEM TO ME INSTINCTIVELY, WITH SOME POSSIBLE ADVERSE EFFECTS.

WOULD YOU AGREE THAT WE CAN GET ALONG PRETTY WELL WITHOUT A SUMMIT MEETING ON MONETARY POLICY?

SECRETARY SIMON. WE SHARE THE FRENCH VIEW THAT WE SHOULD ALL BE CONCERNED WITH THE ECONOMIC AND MONETARY AND
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FINANCIAL PROBLEMS IN THE WORLD TODAY CAUSED BY ALL OF THE EVENTS THAT I REFERRED TO IN MY STATEMENT, AND I ALSO BELIEVE THAT WE ARE DEALING WITH ALL OF THESE PROBLEMS IN THE IMF, THE INTERIM COMMITTEE, AND THE DEVELOPMENT COMMITTEE. OF COURSE, AN ATTEMPT TO MOVE THESE ISSUES FROM THE TECHNICAL AND EXPERT LEVEL, IF YOU WILL, TO THE POLITICAL LEVEL -- THEY COULD BE DISCUSSED WITH GREAT EXPERTISE ON THE PART OF MR. GISCARD D'ESTAING AND HELMUT SCHMIDT. THERE IS NO DOUBT ABOUT THAT, BOTH OF THEM BEING FORMER FINANCE MINISTERS. I AM NOT SURE WHAT

USEFUL PURPOSE IT WOULD SERVE, HOWEVER, AS FAR AS
DIVINING A SUBSEQUENT AGREEMENT. BUT I AM SURE PRESIDENT
FORD WILL -- ALTHOUGH WE HAVE RECEIVED NO PROPOSAL
SPECIFICALLY FROM THE FRENCH ON A MEETING LIKE THIS --
STUDY IT VERY CAREFULLY IF AND WHEN IT ARRIVES. KISSINGER

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